

HOUSE _____ AMENDMENT NO. _____

Offered By

AMEND Senate Committee Substitute for Senate Bill No. 788, Page 50, Section 325.010, Line 17, by inserting after all of said line the following:

"326.256. 1. As used in this chapter, the following terms mean:

(1) "AICPA", the American Institute of Certified Public Accountants;

(2) "Attest" or "attest services", providing the following financial statement services:

(a) Any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);

(b) Any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); or

(c) Any engagement to be performed in accordance with the auditing standards and rules of the Public Company Accounting Oversight Board (PCAOB);

(3) "Board", the Missouri state board of accountancy established [pursuant to] under section 326.259 or its predecessor pursuant to prior law;

(4) "Certificate", a certificate issued [pursuant to] under section 326.060 prior to August 28, 2001;

(5) "Certified public accountant" or "CPA", the holder of a certificate or license as defined in this section;

(6) "Certified public accountant firm", "CPA firm" or "firm", a sole proprietorship, a

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corporation, a partnership or any other form of organization issued a permit [pursuant to] under section 326.289;

(7) "Client", a person or entity that agrees with a licensee or licensee's employer to receive any professional service;

(8) "Compilation", providing a service to be performed in accordance with Statements on Standards for Accounting and Review Services (SSARS) that is presented in the form of financial statements information that is the representation of management (owners) without undertaking to express any assurance on the statements;

(9) "Home office", the location specified by the client as the address to which attest, compilation, or review services are directed;

(10) "License", a license issued [pursuant to] under section 326.280, or [a provisional license issued pursuant to] privilege to practice under section 326.283; or, in each case, an individual license or permit issued pursuant to corresponding provisions of prior law;

[(10)] (11) "Licensee", the holder of a license as defined in this section;

[(11)] (12) "Manager", a manager of a limited liability company;

[(12)] (13) "Member", a member of a limited liability company;

[(13)] (14) "NASBA", the National Association of State Boards of Accountancy;

[(14)] (15) "Peer review", a study, appraisal or review of one or more aspects of the professional work of a licensee or certified public accountant firm that performs attest, review or compilation services, by licensees who are not affiliated either personally or through their certified public accountant firm being reviewed pursuant to the Standards for Performing and Reporting on Peer Reviews promulgated by the AICPA or such other standard adopted by regulation of the board which meets or exceeds the AICPA standards;

[(15)] (16) "Permit", a permit to practice as a certified public accountant firm issued [pursuant to] under section 326.289 or corresponding provisions of prior law or pursuant to corresponding provisions of the laws of other states;

[(16)] (17) "Professional", arising out of or related to the specialized knowledge or skills associated with certified public accountants;

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1 [(17)] (18) "Public accounting":

2 (a) Performing or offering to perform for an enterprise, client or potential client one or
3 more services involving the use of accounting or auditing skills, or one or more management
4 advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax
5 matters by a person, firm, limited liability company or professional corporation using the title
6 "C.P.A." or "P.A." in signs, advertising, directory listing, business cards, letterheads or other
7 public representations;

8 (b) Signing or affixing a name, with any wording indicating the person or entity has
9 expert knowledge in accounting or auditing to any opinion or certificate attesting to the reliability
10 of any representation or estimate in regard to any person or organization embracing financial
11 information or facts respecting compliance with conditions established by law or contract,
12 including but not limited to statutes, ordinances, rules, grants, loans and appropriations; or

13 (c) Offering to the public or to prospective clients to perform, or actually performing on
14 behalf of clients, professional services that involve or require an audit or examination of financial
15 records leading to the expression of a written attestation or opinion concerning these records;

16 [(18)] (19) "Report", when used with reference to financial statements, means an opinion,
17 report or other form of language that states or implies assurance as to the reliability of any
18 financial statements, and that also includes or is accompanied by any statement or implication that
19 the person or firm issuing it has special knowledge or competence in accounting or auditing.
20 Such a statement or implication of special knowledge or competence may arise from use by the
21 issuer of the report of names or titles indicating that the person or firm is an accountant or auditor,
22 or from the language of the report itself. The term report includes any form of language which
23 disclaims an opinion when such form of language is conventionally understood to imply any
24 positive assurance as to the reliability of the financial statements referred to or special competence
25 on the part of the person or firm issuing such language, or both, and includes any other form of
26 language that is conventionally understood to imply such assurance or such special knowledge or
27 competence, or both;

28 [(19)] (20) "Review", providing a service to be performed in accordance with Statements

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on Standards for Accounting and Review Services (SSARS) that is performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the statements for them to be in conformity with generally accepted accounting principles or, if applicable, with another comprehensive basis of accounting;

[(20)] (21) "State", any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam; except that "this state" means the state of Missouri;

[(21)] (22) "Substantial equivalency" or "substantially equivalent", a determination by the board of accountancy or its designee that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to or exceed the education, examination and experience requirements contained in this chapter or that an individual certified public accountant's education, examination and experience qualifications are comparable to or exceed the education, examination and experience requirements contained in this chapter;

[(22)] (23) "Transmittal", any transmission of information in any form, including but not limited to any and all documents, records, minutes, computer files, disks or information.

2. The statements on standards specified in this section shall be adopted by reference by the board pursuant to rulemaking and shall be those developed for general application by the AICPA or other recognized national accountancy organization as prescribed by board rule."; and

FURTHER AMEND said bill, Page 51, Section 326.265, Line 13, by inserting after all of said line the following:

"326.283. 1. (1) An individual whose principal place of business, domicile, or residency is not in this state and [has] who holds a valid [designation] and unrestricted license to practice public accounting from any state which the board or its designee has determined by rule to be in substantial equivalence with the licensure requirements of [sections 326.250 to 326.331] this chapter, or if the individual's qualifications are substantially equivalent to the licensure requirements of [sections 326.250 to 326.331] this chapter, shall be presumed to have

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1 qualifications substantially equivalent to this state's requirements and shall have all the privileges
2 of licensees of this state[, provided the individual shall notify the board of his or her intent to
3 engage in the practice of accounting with a client within this state whether in person, by electronic
4 or technological means, or any other manner. The board by rule may require individuals to obtain
5 a license] without the need to obtain a license or to otherwise notify or register with the board or
6 pay any fee. Provided, however, the board may by rule require individuals with a valid but
7 restricted license to obtain a license.

8 (2) [Any] An individual who qualifies for the privilege to practice under this section, may
9 offer or render professional services in this state, whether in person, by mail, telephone, or
10 electronic means, and no notice or other submission shall be required of any such individual.

11 (3) An individual licensee of another state exercising the privilege afforded [pursuant to]
12 under this section [consents] and the firm which employs such licensee hereby simultaneously
13 consent, as a condition of the grant of this privilege [to]:

14 (a) To the personal and subject matter jurisdiction and disciplinary authority of the board;

15 (b) To comply with this chapter and the board's rules; [and]

16 (c) That in the event the license from any state is no longer valid or unrestricted, the
17 individual shall cease offering or rendering professional services in this state individually and on
18 behalf of a firm; and

19 (d) To the appointment of the state board [which] that issued the individual's license as his
20 or her agent upon whom process may be served in any action or proceeding by this board against
21 the individual.

22 (4) An individual who has been granted the privilege to practice under this section who
23 performs attest services for an entity with a home office in this state, shall only do so through a
24 firm which has obtained a permit issued under section 326.289.

25 [(3)] (5) Nothing in this [section] chapter shall prohibit temporary practice in this state for
26 professional business incidental to a CPA's regular practice outside this state. "Temporary
27 practice" means that practice [which is a continuation or extension] related to the direct purpose of
28 an engagement for a client located outside this state, which engagement began outside this state

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1 and extends into this state through common ownership, existence of a subsidiary, assets or other
2 operations located within this state.

3 2. A licensee of this state offering or rendering services or using his or her certified public
4 accountant title in another state shall be subject to disciplinary action in this state for an act
5 committed in another state for which the licensee would be subject to discipline for an act
6 committed in the other state. Notwithstanding the provisions of section 326.274 to the contrary,
7 the board may investigate any complaint made by the board of accountancy of another state.

8 326.289. 1. The board may grant or renew permits to practice as a certified public
9 accounting firm to [entities] applicants that [make application and] demonstrate their
10 qualifications in accordance with this [section or to certified public accounting firms originally
11 licensed in another state that establish an office in this state. A firm shall hold a permit issued
12 pursuant to this section to provide attest, review or compilation services or to use the title certified
13 public accountant or certified public accounting firm] chapter.

14 (1) The following shall hold a permit issued under this chapter:

15 (a) Any firm with an office in this state, as defined by the board by rule, performing attest
16 services;

17 (b) Any firm with an office in this state that uses the title "CPA" or "CPA firm"; and

18 (c) Any firm that does not have an office in this state performing attest services for a
19 client having a home office in this state.

20 (2) A firm which does not have an office in this state may perform compilation and
21 review services for a client having a home office in this state and may use the title "CPA" or
22 "CPA firm" without a permit issued under this section only if it:

23 (a) Has the qualifications described in subsections 4 and 9 of this section; and

24 (b) Performs such services through an individual with the privilege to practice under
25 subsection 1 of section 326.283.

26 (3) A firm which is not subject to the requirements of subdivisions (1) or (2) of this
27 subsection may perform other professional services while using the title "CPA" or "CPA firm" in
28 this state without a permit issued under this section only if it:

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- 1 (a) Has qualifications described in subsection 4 of this section;
2 (b) Performs such services through an individual with the privilege to practice under
3 section 326.283; and
4 (c) Can lawfully do so in the state where said individual with privilege to practice has his
5 or her principal place of business.

6 2. Permits shall be initially issued and renewed for periods of not more than three years or
7 for a specific period as prescribed by board rule following issuance or renewal.

8 3. The board shall determine by rule the form for application and renewal of permits and
9 shall annually determine the fees for permits and their renewals.

10 4. An applicant for initial issuance or renewal of a permit to practice [pursuant to] under
11 this section shall be required to show that:

12 (1) [Notwithstanding any other provision of law to the contrary,] A simple majority of the
13 ownership of the firm, in terms of financial interests and voting rights of all partners, officers,
14 principals, shareholders, members or managers, belongs to licensees who are licensed in some
15 state, and the partners, officers, principals, shareholders, members or managers, whose principal
16 place of business is in this state and who perform professional services in this state are licensees
17 [pursuant to] under section 326.280 or the corresponding provision of prior law. Although firms
18 may include nonlicensee owners, the firm and its ownership shall comply with rules promulgated
19 by the board;

20 (2) Any certified public accounting firm may include owners who are not licensees[,]
21 provided that:

22 (a) The firm designates a licensee of this state, or in the case of a firm which must have a
23 permit under this section designates a licensee of another state who meets the requirements of
24 section 326.283, who is responsible for the proper registration of the firm and identifies that
25 individual to the board;

26 (b) All nonlicensee owners are active individual participants in the certified public
27 accounting firm or affiliated entities;

28 (c) All owners are of good moral character; and

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1 (d) The firm complies with other requirements as the board may impose by rule;

2 (3) Any licensee, initially licensed on or after August 28, 2001, who is responsible for
3 supervising attest services, or signs or authorizes someone to sign the licensee's report on the
4 financial statements on behalf of the firm, shall meet competency requirements as determined by
5 the board by rule which shall include one year of experience in addition to the experience required
6 [pursuant to] under subdivision (6) of subsection 1 of section 326.280 and shall be verified by a
7 licensee. The additional experience required by this subsection shall include experience in attest
8 work supervised by a licensee;

9 (4) Any licensee who is responsible for supervising review services or signs or authorizes
10 someone to sign review reports shall meet the competency requirements as determined by board
11 by rule which shall include experience in review services.

12 5. An applicant for initial issuance or renewal of a permit to practice shall register each
13 office of the firm within this state with the board and show that all attest, review and compilation
14 services rendered in this state are under the charge of a licensee.

15 6. No licensee or firm holding a permit [pursuant to] under this chapter shall use a
16 professional or firm name or designation that is misleading as to:

17 (1) The legal form of the firm;

18 (2) The persons who are partners, officers, members, managers or shareholders of the
19 firm; or

20 (3) Any other matter.

21
22 The names of one or more former partners, members or shareholders may be included in the name
23 of a firm or its successor unless the firm becomes a sole proprietorship because of the death or
24 withdrawal of all other partners, officers, members or shareholders. A firm may use a fictitious
25 name if the fictitious name is registered with the board and is not otherwise misleading. The
26 name of a firm shall not include the name or initials of an individual who is not a present or a past
27 partner, member or shareholder of the firm or its predecessor. The name of the firm shall not
28 include the name of an individual who is not a licensee.

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1 7. Applicants for initial issuance or renewal of permits shall list in their application all
2 states in which they have applied for or hold permits as certified public accounting firms and list
3 any past denial, revocation, suspension or any discipline of a permit by any other state. Each
4 holder of or applicant for a permit [pursuant to] under this section shall notify the board in writing
5 within thirty days after its occurrence of any change in the identities of partners, principals,
6 officers, shareholders, members or managers whose principal place of business is in this state; any
7 change in the number or location of offices within this state; any change in the identity of the
8 persons in charge of such offices; and any issuance, denial, revocation, suspension or any
9 discipline of a permit by any other state.

10 8. Firms which fall out of compliance with the provisions of this section due to changes in
11 firm ownership or personnel after receiving or renewing a permit shall take corrective action to
12 bring the firm back into compliance as quickly as possible. The board may grant a reasonable
13 period of time for a firm to take such corrective action. Failure to bring the firm back into
14 compliance within a reasonable period as defined by the board may result in the suspension or
15 revocation of the firm permit.

16 9. The board shall require by rule, as a condition to the renewal of permits, that firms
17 undergo, no more frequently than once every three years, peer reviews conducted in a manner as
18 the board shall specify. The review shall include a verification that individuals in the firm who
19 are responsible for supervising attest, review and compilation services or sign or authorize
20 someone to sign the accountant's report on the financial statements on behalf of the firm meet the
21 competency requirements set out in the professional standards for such services, provided that any
22 such rule:

23 (1) Shall include reasonable provision for compliance by a firm showing that it has within
24 the preceding three years undergone a peer review that is a satisfactory equivalent to peer review
25 generally required [pursuant to] under this subsection;

26 (2) May require, with respect to peer reviews, that peer reviews be subject to oversight by
27 an oversight body established or sanctioned by board rule, which shall periodically report to the
28 board on the effectiveness of the review program under its charge and provide to the board a

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1 listing of firms that have participated in a peer review program that is satisfactory to the board;
2 and

3 (3) Shall require, with respect to peer reviews, that the peer review processes be operated
4 and documents maintained in a manner designed to preserve confidentiality, and that the board or
5 any third party other than the oversight body shall not have access to documents furnished or
6 generated in the course of the peer review of the firm except as provided in subdivision (2) of this
7 subsection.

8 10. Prior to January 1, 2008, licensees who perform fewer than three attest services during
9 each calendar year shall be exempt from the requirements of subsection 9 of this section.

10 11. The board may, by rule, charge a fee for oversight of peer reviews, provided that the
11 fee charged shall be substantially equivalent to the cost of oversight.

12 12. In connection with proceedings before the board or upon receipt of a complaint
13 involving the licensee performing peer reviews, the board shall not have access to any documents
14 furnished or generated in the course of the performance of the peer reviews except for peer review
15 reports, letters of comment and summary review memoranda. The documents shall be furnished
16 to the board only in a redacted manner that does not specifically identify any firm or licensee
17 being peer reviewed or any of their clients.

18 13. The peer review processes shall be operated and the documents generated thereby be
19 maintained in a manner designed to preserve their confidentiality. No third party, other than the
20 oversight body, the board, subject to the provisions of subsection 12 of this section, or the
21 organization performing peer review shall have access to documents furnished or generated in the
22 course of the review. All documents shall be privileged and closed records for all purposes and
23 all meetings at which the documents are discussed shall be considered closed meetings [pursuant
24 to] under subdivision (1) of section 610.021, RSMo. The proceedings, records and workpapers of
25 the board and any peer review subjected to the board process shall be privileged and shall not be
26 subject to discovery, subpoena or other means of legal process or introduction into evidence at any
27 civil action, arbitration, administrative proceeding or board proceeding. No member of the board
28 or person who is involved in the peer review process shall be permitted or required to testify in

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1 any civil action, arbitration, administrative proceeding or board proceeding as to any matters
2 produced, presented, disclosed or discussed during or in connection with the peer review process
3 or as to any findings, recommendations, evaluations, opinions or other actions of such committees
4 or any of its members; provided, however, that information, documents or records that are
5 publicly available shall not be subject to discovery or use in any civil action, arbitration,
6 administrative proceeding or board proceeding merely because they were presented or considered
7 in connection with the peer review process.

8 326.292. 1. Only licensees may issue a report on financial statements of any person, firm,
9 organization or governmental unit or offer to render or render any attest service. Such restriction
10 shall not prohibit any act of a public official or public employee in the performance of the person's
11 duties as such; nor prohibit the performance by any nonlicensee of other services involving the
12 use of accounting skills, including the preparation of tax returns, management advisory services
13 and the preparation of nonattest financial statements. Nonlicensees may prepare financial
14 statements and issue nonattest transmittals or information thereon which do not purport to be in
15 compliance with the Statements on Standards for Accounting and Review Services (SSARS).

16 2. Only certified public accountants shall use or assume the title certified public
17 accountant, or the abbreviation CPA or any other title, designation, words, letters, abbreviation,
18 sign, card or device tending to indicate that such person is a certified public accountant. Nothing
19 in this section shall prohibit:

20 (1) A certified public accountant whose certificate was in full force and effect, issued
21 pursuant to the laws of this state prior to August 28, 2001, and who does not engage in the
22 practice of public accounting, auditing, bookkeeping or any similar occupation, from using the
23 title certified public accountant or abbreviation CPA;

24 (2) A person who holds a certificate, then in force and effect, issued pursuant to the laws
25 of this state prior to August 28, 2001, and who is regularly employed by or is a director or officer
26 of a corporation, partnership, association or business trust, in his or her capacity as such, from
27 signing, delivering or issuing any financial, accounting or related statement, or report thereon
28 relating to such corporation, partnership, association or business trust provided the capacity is so

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1 designated, and provided in the signature line the title CPA or certified public accountant is not
2 designated.

3 3. No firm shall provide attest services or assume or use the title certified public
4 accountants or the abbreviation CPAs, or any other title, designation, words, letters, abbreviation,
5 sign, card or device tending to indicate that such firm is a certified public accounting firm unless:

6 (1) The firm holds a valid permit issued [pursuant to] under section 326.289 or is a firm
7 exempt from the permit requirement under subdivisions (2) and (3) of subsection 1 of section
8 326.289 and complies with all other applicable provisions of that section; and

9 (2) Ownership of the firm is in accord with section 326.289 and rules promulgated by the
10 board.

11 4. Only persons holding a valid license or permit issued [pursuant to] under section
12 326.280 or 326.289, or persons qualifying for the privilege to practice under section 326.283, and
13 firms exempt from the permit requirement under subsection 1 of section 326.289, shall assume or
14 use the title certified accountant, chartered accountant, enrolled accountant, licensed accountant,
15 registered accountant, accredited accountant or any other title or designation likely to be confused
16 with the titles certified public accountant or public accountant, or use any of the abbreviations
17 CA, LA, RA, AA or similar abbreviation likely to be confused with the abbreviation CPA or PA.
18 The title enrolled agent or EA shall only be used by individuals so designated by the Internal
19 Revenue Service. Nothing in this section shall prohibit the use or issuance of a title for nonattest
20 services provided that the organization and the title issued by the organization existed prior to
21 August 28, 2001.

22 5. (1) Nonlicensees shall not use language in any statement relating to the financial
23 affairs of a person or entity that is conventionally used by certified public accountants in reports
24 on financial statements. Nonlicensees may use the following safe harbor language:

25 (a) For compilations:

26
27 "I (We) have prepared the accompanying (financial statements) of (name of entity) as of (time
28 period) for the (period) then ended. This presentation is limited to preparing in the form of a

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1 financial statement information that is the representation of management (owners). I (We) have
2 not audited or reviewed the accompanying financial statements and accordingly do not express an
3 opinion or any other form of assurance on them.";

4 (b) For reviews:

5
6 "I (We) reviewed the accompanying (financial statements) of (name of entity) as of (time period)
7 for the (period) then ended. These financial statements (information) are (is) the responsibility of
8 the company's management. I (We) have not audited the accompanying financial statements and
9 accordingly do not express an opinion or any other form of assurance on them.".

10 (2) Only persons or firms holding a valid license or permit issued [pursuant to] under
11 section 326.280 or 326.289 shall assume or use any title or designation that includes the words
12 accountant or accounting in connection with any other language, including the language of a
13 report, that implies that the person or firm holds a license or permit or has special competence as
14 an accountant or auditor; provided, however, that this subsection shall not prohibit any officer,
15 partner, principal, member, manager or employee of any firm or organization from affixing such
16 person's own signature to any statement in reference to the financial affairs of the firm or
17 organization with any wording designating the position, title or office that the person holds therein
18 nor prohibit any act of a public official or employee in the performance of the person's duties as
19 such. Nothing in this subsection shall prohibit the singular use of "accountant" or "accounting"
20 for nonattest purposes.

21 6. Licensees signing or authorizing someone to sign reports on financial statements when
22 performing attest, review or compilation services shall provide those services in accordance with
23 professional standards as determined by the board by rule.

24 7. No licensee [or holder of a provisional license] or firm holding a permit [pursuant to]
25 under sections 326.280 to 326.289 shall use a professional or firm name or designation that is
26 misleading about the legal form of the firm, or about the persons who are partners, principals,
27 officers, members, managers or shareholders of the firm, or about any other matter.

28 8. None of the foregoing provisions of this section shall apply to a person or firm holding

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1 a certification, designation, degree or license granted in a foreign country entitling the holder to
2 engage in the practice of public accounting or its equivalent in the country whose activities in this
3 state are limited to the provision of professional services to persons or firms who are residents of,
4 governments of, or business entities of the country in which the person holds the entitlement, who
5 performs no attest, review or compilation services and who issues no reports with respect to the
6 financial statements of any other persons, firms or governmental units in this state, and who does
7 not use in this state any title or designation other than the one under which the person practices in
8 such country, followed by a translation of such title or designation into the English language, if it
9 is in a different language, and by the name of such country.

10 9. No licensee whose license is issued [pursuant to] under section 326.280 or issued
11 pursuant to prior law shall perform attest services through any certified public accounting firm
12 that does not hold a valid permit issued [pursuant to] under section 326.289.

13 10. Nothing herein shall prohibit a practicing attorney or firm of attorneys from preparing
14 or presenting records or documents customarily prepared by an attorney or firm of attorneys in
15 connection with the attorney's professional work in the practice of law.

16 11. Nothing herein shall prohibit any trustee, executor, administrator, referee or
17 commissioner from signing and certifying financial reports incident to his or her duties in that
18 capacity.

19 12. Nothing herein shall prohibit any director or officer of a corporation, partner or a
20 partnership, sole proprietor of a business enterprise, member of a joint venture, member of a
21 committee appointed by stockholders, creditors or courts, or an employee of any of the foregoing,
22 in his or her capacity as such, from signing, delivering or issuing any financial, accounting or
23 related statement, or report thereon, relating to the corporation, partnership, business enterprise,
24 joint venture or committee, provided the capacity is designated on the statement or report.

25 13. (1) A licensee shall not for a commission recommend or refer to a client any product
26 or service, or for a commission recommend or refer any product or service to be supplied by a
27 client, or receive a commission, when the licensee also performs for that client:

28 (a) An audit or review of a financial statement; or

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1 (b) A compilation of a financial statement when the licensee expects, or reasonably may
2 expect, that a third party will use the financial statement and the licensee's compilation report does
3 not disclose a lack of independence; or

4 (c) An examination of prospective financial information.

5
6 Such prohibition applies during the period in which the licensee is engaged to perform any of the
7 services listed above and the period covered by any historical financial statements involved in
8 such listed services.

9 (2) A licensee who is not prohibited by this section from performing services for or
10 receiving a commission and who is paid or expects to be paid a commission shall disclose in
11 writing that fact to any person or entity to whom the licensee recommends or refers a product or
12 service to which the commission relates.

13 (3) Any licensee who accepts a referral fee for recommending or referring any service of a
14 licensee to any person or entity or who pays a referral fee to obtain a client shall disclose in
15 writing the acceptance or payment to the client.

16 14. (1) A licensee shall not:

17 (a) Perform for a contingent fee any professional services for, or receive a fee from, a
18 client for whom the licensee or the licensees's firm performs:

19 a. An audit or review of a financial statement; or

20 b. A compilation of a financial statement when the licensee expects, or reasonably might
21 expect, that a third party will use the financial statement and the licensee's compilation report does
22 not disclose a lack of independence; or

23 c. An examination of prospective financial information;

24 (b) Prepare an original tax return or claim for a tax refund for a contingent fee for any
25 client; or

26 (c) Prepare an amended tax return or claim for a tax refund for a contingent fee for any
27 client, unless permitted by board rule.

28 (2) The prohibition in subdivision (1) of this subsection applies during the period in

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1 which the licensee is engaged to perform any of those services and the period covered by any
2 historical financial statements involved in any services.

3 (3) A contingent fee is a fee established for the performance of any service pursuant to an
4 arrangement in which no fee will be charged unless a specified finding or result is attained, or in
5 which the amount of the fee is otherwise dependent upon the finding or result of the service.
6 Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts or
7 other public authorities, or, in tax matters, if determined based on the results of judicial
8 proceedings or the findings of governmental agencies. A licensee's fees may vary depending, for
9 example, on the complexity of services rendered.

10 15. Any person who violates any provision of subsections 1 to 5 of this section shall be
11 guilty of a class A misdemeanor. Whenever the board has reason to believe that any person has
12 violated this section it may certify the facts to the attorney general of this state or bring other
13 appropriate proceedings."; and
14

15 Further amend said bill by amending the title, enacting clause, and intersectional references
16 accordingly.
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